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WHY FUEL PRICES should be LOWER



Dear Customer,

Like you, we are very concerned about rising fuel prices. When prices go up, some customers think we make more money. In fact, it just increases our costs and makes it harder for our customers to pay their bills.

The fundamentals of supply and demand normally drive prices. But there are other forces at work keeping prices higher than they should be. It's important that you know what's happening and what we can do about it together.

Because nothing would make us happier than to see prices drop.



If you've been wondering why energy prices are surging upward for no apparent reason, you're not alone. Something's not adding up, and it's important you understand what's happening in the market.

What's Going On?

In the last three months of 2010, crude oil prices increased by more than 18%. You've seen that increase reflected in prices for gasoline, heating oil, propane, diesel fuel and other energy costs. But why are crude prices rising when:

1.

Supply is strong — Crude oil inventories are above their 5-year average. *Strong supply typically means lower oil prices.*

2.

Demand is weak — Demand is only up 1% from last year's weak economic numbers and the economy is still struggling. *Weak demand typically means lower oil prices.*

3.

The U.S. dollar, while still weak, has **strengthened** against other currencies during the same time period. *A stronger dollar typically means lower oil prices.*

It Doesn't Add Up

All the fundamentals say that prices should be lower. But in this equation, "one plus one" does not equal two.

The reason? For starters, the excessive speculation by huge banks and hedge funds, who can make giant profits by driving up the price of oil and increasing price swings. They do this by exploiting loopholes in the way that crude oil trades are regulated.

Crude Oil Trading Volume vs. Consumption



Daily Crude Oil
Trading Volume

Daily World Crude
Oil Consumption

What We Need to Do

Last year, our industry helped pass new legislation that would make it harder for excessive speculation to occur. But the regulations enforcing the new law are still being fought over.

Wall Street is doing everything it can to water them down. We are working hard to make sure that doesn't happen. You can keep pressure on the government by:

1. **Writing your senators and congressmen and urging them to keep the energy speculation loophole closed.** Visit usa.gov/Contact.shtml to find your representatives.

2. **Contacting the Commodity Futures Trading Commission (CFTC) and urging them to do the same.** Visit cftc.gov or you can call them at 202-418-5000.

Over the long run, energy prices will also be helped by increasing domestic production, improving conservation and strengthening the U.S. dollar. **But together, we can attack the problem of speculation right now.**

It is estimated that as much as 20 times more crude oil is traded every day than is actually consumed worldwide.

Coming Through for You When It Matters Most

The wholesale cost of fuel is the biggest part of our retail price, but it's not the only influence. Your price also reflects our commitment to be there for you no matter what and to offer true value. This includes:

- ▶ **Delivering fuel** to your home no matter how bad the weather conditions are.
- ▶ **Repairing your system** fast should it ever break, by having enough highly trained service technicians.
- ▶ **Offering programs** to make paying your bills easier.
- ▶ **Saving you money** with energy-efficient upgrades.
- ▶ **Providing emergency response** seven days a week throughout the winter.

Unlike with discount companies, you can count on our commitment to keep you warm and safe always. *And that adds up to real peace of mind.*